

Region XII Council of Governments, Inc.
Carroll, Iowa
Financial Statements
Independent Auditor's Reports
Supplemental Information
Schedule of Findings & Questioned Costs
June 30, 2011

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REGION XII COUNCIL OF GOVERNMENTS, INC.
BOARD OF DIRECTORS AND OFFICERS

<u>Name</u>	<u>Title</u>	<u>County Represented</u>
<u>Executive Board Members</u>		
Jack Bensley	Chairperson	Sac
Marty Danzer	Vice Chairperson	Carroll
Vernon Venteicher	Secretary	Audubon
Guy Richardson	Treasurer	Greene
Jerome Caraher	Board Member	Guthrie
Eric Skoog	Board Member	Crawford
<u>Policy Council Members</u>		
Jay Dee Mendenhall	Board Member	Audubon
Gary VanAernam	Board Member	Audubon
Gene Karstens	Board Member	Audubon
Neil Bock	Board Member	Carroll
Dan Nieland	Board Member	Carroll
Cindy Fay	Board Member	Carroll
Mary Lou Kraus	Board Member	Crawford
Carla Lally	Board Member	Crawford
Loren Schultz	Board Member	Crawford
Jane Heun	Board Member	Greene
Karen Polking	Board Member	Greene
John Muir	Board Member	Greene
Jerri Christman	Board Member	Guthrie
Luann Waldo	Board Member	Guthrie
Curt Thornberry	Board Member	Guthrie
Morris Boeckman	Board Member	Sac
Joan Godbersen	Board Member	Sac
Elaine Rex	Board Member	Sac

Region XII Council of Governments, Inc. Officers

Richard Hunsaker	Executive Director
Joe Behrens	Local Assistance Director
James Burns	Transit Director
Beth Winquist	Workforce Director
Kathleen Pauli	Fiscal Officer

In January of each year, each member of the County Board of Supervisors shall appoint or reappoint three local elected officials or persons responsible to local elected officials to serve at least one year as their County's representative. One of the three shall be designated Chairperson of that group and shall be designated an officer candidate and member of the Executive Board. The Executive Board shall appoint a fourth member from each county to serve on the policy council.

John D. Morrow

Certified Public Accountant

**Member
Iowa
Society**

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Certified Public Accountants

November 30, 2011

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

I have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of Region XII Council of Governments, Inc.(COG), Carroll, Ia, as of and for the year then ended June 30, 2011. These financial statements are the responsibility of the COG's management. My responsibility is to express an opinion on these financial statements based on my audit. The Management Discussion and Analysis is not included in this report.

I conducted the audit in accordance with U. S. generally accepted auditing standards, standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Single Audit Act, Office of Management and Budget (OMB) Circular A-133, and Chapter 11 of the Code of Iowa. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Region XII Council of Governments, Inc., as of and for the year ended June 30, 2011, and changes in it's net assets, and it's cash flows in conformity with U. S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my reports dated November 30, 2011, on my consideration of Region XII Council of Governments, Inc.'s, internal control over financial reporting and on my tests of it's compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analyses and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the aforementioned financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

FINANCIAL STATEMENTS

REGION XII COUNCIL OF GOVERNMENTS, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2011

ASSETS

CURRENT ASSETS

Cash and investments	\$ 4,274,078
Receivables:	
Grantor agencies	961,599
Other sources	383,160
Affiliated organizations	864
Prepaid expense	<u>132,244</u>
Total Current Assets	<u>5,751,945</u>

PROPERTY AND EQUIPMENT

Land & building	3,291,104
Vehicles	2,402,994
Office equipment	<u>394,704</u>
	6,088,802
Less accumulated depreciation	<u>1,985,568</u>
	<u>4,103,234</u>

OTHER ASSETS

Receivable from future claims or reimbursements	87,969
Housing program loans	<u>1,917,038</u>
	\$ <u>11,860,186</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 166,612
Notes payable	412,900
Current portion of long-term debt	15,100
Accrued payroll and benefits	95,170
Accrued annual leave payable	125,870
Deferred revenue	230,727
Capital match deposits	<u>105,381</u>
Total Current Liabilities	1,151,780

LONG TERM LIABILITIES

Note payable	45,300
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NET ASSETS

Unassigned net assets	4,379,113
Health insurance reserve	263,721
Investment in property, vehicles and equipment	4,103,234
Reserve for loans	<u>1,917,038</u>
	<u>10,663,106</u>

\$ 11,860,186

See accompanying Notes to Financial Statements.

REGION XII COUNCIL OF GOVERNMENTS, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2011

Revenues:

Program Grants and Awards	\$ 6,136,326
Public Support & Program Funds	1,514,192
Elderbridge Agency on Aging	35,173
United Way	2,250
Loan Repayments	376,970
Interest From Loans & Fees	52,899
Interest From Investments	93,457
Other Revenues	96,601
Matching Funds	209,472
In-Kind Match	<u>37,176</u>
Total Revenue	<u>8,554,516</u>

Expenses:

Local Funds	118,338
Revolving Loan Funds	221,928
Community Administered & Support	288,178
Iowa Waste Exchange	370,472
Iowa Workforce Development	15,459
Low Income Housing Tax Credit	6,181
Disaster Relief (Jumpstart)	6,081
Western Iowa Advantage	71,672
Rural Housing Preservation	55,217
Economic Development Planning	122,000
Disaster Recovery Coordinator	40,826
Community Development Block Grants	2,183,523
HOME Investment Partnership	313,581
Workforce Investment Act	152,604
Employment/New Iowa/Veterans	34,133
Tornado/Flood-National Emergency Grant	1,306
Electrolux-National Emergency Grant	565,180
Promise Jobs	130,408
Housing Disaster Recovery (Jumpstart)	171,028
Other Federal Programs	60,905
Rural Transit Systems	2,137,900
Regional Transportation Planning	227,950
Safe Route to School	75,781
Depreciation	<u>416,046</u>
Total Expenses	<u>7,786,697</u>

Revenue over expenses	\$ <u><u>767,819</u></u>
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See accompanying Notes to Financial Statements.

REGION XII COUNCIL OF GOVERNMENTS, INC.
STATEMENT OF CHANGES IN NET ASSETS
Year ended June 30, 2011

Program revenues over expenses	\$ 767,819
(Decrease) in balance classified as "Receivable from Future Claims"	(725,895)
(Decrease) in balance classified as "Deferred Revenue"	(111,545)
(Increase) in Self Insurance- "Health Insurance Reserve"	(3,004)
Investment in plant, vehicles, & equipment	384,544
(Decrease) in "Reserve for Spec Houses"	(142,951)
(Decrease) in "Reserve for Loans"	(<u>42,915</u>)
Total Change in net assets	126,053
Net Assets-Beginning of Year	<u>10,537,053</u>
Net Assets-End of Year	\$ <u><u>10,663,106</u></u>

See accompanying Notes to Financial Statements.

REGION XII COUNCIL OF GOVERNMENTS, INC.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2011

Resources Provided (Used) By:	
Cash Flow from Operating Activities:	
Revenue over expenses	\$ 767,819
Items not requiring outlays of cash:	
Depreciation	416,046
Change in Operating Assets & Liabilities:	
Accounts receivable	(357,958)
Prepaid expenses	(117,454)
Accounts payable	77,637
Accrual payroll and benefits	24,487
Accrual annual leave	<u>10,011</u>
	<u>820,588</u>
Cash Flow From Investing Activities:	
Self insurance - health insurance reserve	(<u>3,004</u>)
Cash Flow From Financing Activities:	
Borrowing - short term notes	193,700
Payments - long term notes	(15,100)
Payments - short term notes	(753,800)
Capital match deposits	(<u>2,390</u>)
	(<u>577,590</u>)
Net Increase in Cash	239,994
Cash, Beginning of Year	<u>4,034,084</u>
Cash, End of Year	\$ <u><u>4,274,078</u></u>
Interest Expense - Cash Basis	\$ <u><u>33,814</u></u>

See accompanying Notes to Financial Statements.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1 Nature of Activities and Significant Accounting Policies

A. Nature of Activities

Region XII Council of Governments, Inc. (COG) entered into a 28E agreement to service the Iowa counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac.

The purposes for which the COG was organized are to provide joint services and facilities with other agencies to promote and assist the economic development of business concerns through growth and development and aid in development opportunities to the region, thereby increasing employment, business volume, and business payrolls. To accomplish these purposes, the COG has all the powers enumerated in the Iowa Non-Profit Corporation Act, Chapter 504 of the Code of Iowa and is certified in good standing with the Iowa Secretary of State. These powers are limited to the definitions and purposes encompassed by Section 501(c)(3), of the Internal Revenue Code. In addition, the COG has the power and duty to make comprehensive studies and plans for the development of the area it serves, to eliminate planning duplication, to promote governmental economy and efficiency, and to otherwise guide the unified development of the area.

Region XII Council of Governments, Inc. is the designated administrative agency, fiscal agent, and coordinating service provider for the Workforce Investment Act (WIA) in Iowa Workforce Development (IWD) Region 8. Region 8 includes the Iowa counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac. The COG is the fiscal agent for IWD in Region 8. The COG provides Promise Jobs case management for the counties of IWD Region 8. The cities of Perry, Redfield, Minburn, and Linden, are associate members of the COG. Region XII COG, Inc.'s Executive Board has the responsibility for all records which are included in these financial statements.

Region XII Council of Governments, Inc. owns and operates the Western Iowa Transit System. This rural transit system provides transit services to senior citizens, persons with disabilities, preschool and school aged students, and the general public. Western Iowa Transit System operates in Audubon, Carroll, Crawford, Greene, Guthrie, and Sac counties and is recognized by the Department of Transportation as the regional transit organization. The mission of Western Iowa Transit System is to provide safe, dependable, and efficient public transit services for all citizens within its service area in a manner which will help them maintain and improve their quality of life.

Region XII Council of Governments, Inc. serves as the Regional Planning Affiliation (RPA) for the counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac. As the RPA, the COG prepares all planning documents pursuant to transportation planning in the region, including the programming of regional federal funds for transportation. The COG is advised by a Transportation Advisory

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2011

Note 1. Nature of Activities and Significant Accounting Policies (continued)

A. Nature of Activities (continued)

Committee on all planning documents. Final decisions on these documents are made by the Policy Council of Region XII Council of Governments, Inc.

Region XII Council of Governments, Inc. assists the communities and counties in identifying housing needs. Once needs are identified, the organization will work with the necessary partners to achieve those goals. Examples of programs include various housing rehabilitation programs, down payment assistance, rental projects, new construction, development of lots for sale, and lead base paint & inspection services.

The organization is dependent on continued funding by Federal, State and local governmental bodies to provide the programs necessary to support the services and objectives set out above.

B. Significant Accounting Policies

Program Fund Accounting - To ensure observance of limitations and restrictions placed on the use of resources available to Region XII Council of Governments, Inc., the accounts of the organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into program funds established according to their nature and purposes. Separate accounts are maintained for each program fund; however, in the accompanying financial statements, programs that have similar characteristics have been combined into program fund groups. Accordingly, all financial transactions have been recorded and reported by program group.

Basis of Accounting - Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Grant or contract revenue is recognized when earned. The grants and contracts are written on an expense reimbursement basis and accordingly, grant or contract revenue is earned when allowable program expenses are incurred. The financial statements present any funds received and not expended as deferred revenue. Expenses are recorded when the liability is incurred. Disbursements for the purchase of property and equipment which provide future benefits are recorded as expenses in the program at the time of purchase and capitalized and presented in the Statement of Net Assets.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2011

Note 1 Nature of Activities and Significant Accounting Policies
(continued)

B. Significant Accounting Policies (continued)

Basis of Presentation - Net assets and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the COG and changes therein are classified and reported as follows:

Unassigned net assets - Net assets that are not subject to donor-imposed stipulations.

Revenues are reported as increases in unassigned net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unassigned net assets.

Assets, Liabilities and Net Assets - The following accounting policies are followed in preparing the combined statement of financial position.

Cash and Investments - Cash includes amounts in demand deposits, money market funds, and certificates of deposit.

Program Funds and Accounts Receivable - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenses as of the beginning and end of the year. Program funds and accounts receivable include amounts due to the COG but not received at year end.

Allowance for Doubtful Accounts - The direct write-off method is used to account for uncollectible housing and business loans. There is no provision for accounts receivable bad debts since all receivables are considered to be collectible.

Receivable from Future Claims or Reimbursements - This receivable represents an excess of expenses over revenue received from the funding source at year end.

Receivables and Payables from Affiliated Organizations - During the course of operations, numerous transactions occur between individual funds and affiliated organizations for goods provided or services rendered. To the extent that certain transactions between funds and affiliated organizations have been paid or received as of June 30, 2011, balances of inter-fund amounts have been recorded.

Property, Vehicles, and Equipment - Property, vehicles, and equipment are valued at historical cost. Property, vehicles, and equipment are recorded as expenses in the fund purchasing the asset. The purchases are then capitalized accumulating the net investment in property, vehicles, and equipment. Depreciation has

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2011

Note 1. Nature of Activities and Significant Accounting Policies (continued)

B. Significant Accounting Policies (continued)

Property, Vehicles, and Equipment (continued)

been provided using the straight-line method over the estimated useful lives of the respective assets, generally 50 years for real property and 5 to 10 years for vehicles and equipment. The depreciated cost of the property, vehicles, and equipment does not purport to be either a realizable value or a replacement value. Expenses for maintenance, repairs, and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized. The cost of assets disposed is deleted.

Annual Leave - Employees of Region XII Council of Governments, Inc. accumulate a limited amount of earned but unused annual leave payable to employees. Amounts representing the cost of annual leave expected to be liquidated currently are recorded as liabilities. This liability has been computed based on current rates of pay.

Deferred Revenue - Deferred revenue represents an excess of cash advances by the funding source over accrued expenses at year end.

Cost Allocation - The organizations have adopted a cost allocation plan to allocate joint costs to the various programs. Any cost which cannot be assigned directly to a program is allocated based upon the ratio of direct labor hours worked for the respective program, square feet of space used, gross wages for direct program costs, or other reasonable methods of allocation. The cost allocation plan is approved by the COG's federal cognizant agency.

Budgetary Accounting - The organizations are not required by statute to use budgetary accounting. Therefore, no budgetary information is included in these financial statements.

Income Taxes - Region XII Council of Governments, Inc. is exempt from Federal income taxes under provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from amounts estimated. These estimates involve useful lives for depreciation of assets, allowance for doubtful accounts, loss contingencies, and other estimating techniques as may be required to record effects of future events.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2011

Note 2 Support From Governmental Units

Region XII Council of Governments, Inc. receives substantially all of its support from Federal, State, and local governments. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the COG's programs and activities.

Note 3 Leases

Region XII Council of Governments, Inc. sub-leases office facilities from the Iowa Workforce Development under a lease agreement which began October 1, 2011, and expires December 31, 2016.

Region XII Council of Governments, Inc. is obligated under other lease agreements accounted for as operating leases for equipment. In the event insufficient program funding occurs, these leases may be prematurely terminated with appropriate notice.

Note 4 Pension and Retirement Benefits

The Region XII Council of Governments, Inc. contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117

Plan members are required to contribute 4.50% of their annual covered salary and the Region XII Council of Governments, Inc. is required to contribute 6.95% of annual covered payroll. Contribution requirements are established by State statute. Region XII Council of Government's contributions to IPERS for the year ended June 30, 2011 was \$119,261, equal to the employer required contributions for the year. The total contribution to IPERS for the year ended June 30, 2011 was \$196,480.

Note 5 Contingent Liability - Medical Leave

Region XII Council of Governments, Inc.'s full time and part time II employees accumulate medical leave hours for subsequent use. No compensation is made for accrued medical leave at time of separation and these accumulations are not recognized as expenses until used. The organization's approximate maximum liability for unrecognized medical leave benefits as of June 30, 2011 was \$244,132. The maximum allowable medical leave may accumulate to 90 days. An employee that has been employed at least 10 years may elect to convert 10 days of medical leave into annual leave. Two days of medical leave earned is then equal to one day of annual leave.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2011

Note 6 Organization Risk Management

Region XII Council of Governments, Inc. is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

These risks are covered by the purchase of commercial insurance. The organization assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 7 Total Deposit Accounts Exceeding Insured Depository Limits

Region XII Council of Governments, Inc. maintains its checking, savings, and certificate of deposit accounts in various financial institutions. These financial institutions classify these deposits as public funds and are subject to the guidelines referred to in Chapter 12C of the Code of Iowa.

As of the fiscal year end, the organization held public funds totaling:

	<u>June 30, 2011</u>
Financial institution balance	\$ 4,427,836

NOTE 8 Subsequent Events

Through the date the financial statements were available to be issued, management evaluated subsequent events.

Note 10 Uncertain Tax Positions

Region XII Council of Governments, Inc.'s management is not aware of possible tax positions taken by the organization which would be viewed as contrary to tax positions taken by the Internal Revenue Service. The fiscal years ending June 30, 2009, June 30, 2010, and June 30, 2011 remain open for examination.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2011

Note 9 Property, Vehicles, and Equipment

A summary of property, vehicles, equipment, and the components of accumulated depreciation, are as follows:

FISCAL YEAR END June 30, 2011

<u>Property & Equip.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 3,291,104	\$ 2,290,245	\$ 399,829	\$ 5,981,178
Additions	0	293,985	90,559	384,544
Disposals	0	(181,236)	(95,684)	(276,920)
End of year	\$ <u>3,291,104</u>	\$ <u>2,402,994</u>	\$ <u>394,704</u>	\$ <u>6,088,802</u>

<u>Accumulated Depr.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 315,704	\$ 1,397,073	\$ 133,665	\$ 1,846,442
Current deprec.	49,796	276,667	89,583	416,046
Disposal of assets	0	(181,236)	(95,684)	(276,920)
End of year	\$ <u>365,500</u>	\$ <u>1,492,504</u>	\$ <u>127,564</u>	\$ <u>1,985,568</u>

Note 11 Housing Loans Receivable

Region XII Council of Governments, Inc. accounts for grant proceeds as revenue. Principal and interest payments received are accounted for as other program revenues when received. Loans and grants paid to families are treated as expenses at the time the loan is made to accommodate the required reporting format on quarterly reports.

Region XII Council of Governments, Inc. administers Community Development Block Grants Revolving Loans (CDBG Loans) for various cities within Region XII. The loans are for down payment assistance or for a portion of the cost of housing rehabilitation.

Region XII Council of Governments, Inc. administered the Department of Agriculture-Housing Preservation Grant (HPG Loans). The grant proceeds are used to maintain a low-interest revolving loan fund for low-income residents. Loans of up to \$5,000 per family, at varying interest rates, are used to make health and safety improvements to homes.

Region XII Council of Governments, Inc. administers the Iowa Department of Economic Development Local Housing Assistance Program (LHAP Loans). LHAP funds are awarded for the purpose of providing a regional revolving loan fund to provide low-interest construction financing for new single-family housing.

Region XII Council of Governments, Inc. administers the Iowa Finance Authority "Helping Iowa's Rural Economy" grant (HIRE Loans). The funds are for home ownership initiative down payment loans to provide financial assistance for the creation of affordable housing throughout the State of Iowa.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2011

Note 11 Housing Loans Receivable (continued)

Region XII Council of Governments, Inc. administers the Household Water Well System grant. The fund shall be used solely for the purpose of financing the construction, refurbishing and servicing of individually owned household water well systems in rural areas for individuals with low or moderate income. A Revolving Loan Fund Account has been established and designated to account for the grant funds.

The balance of all loans is reflected as other assets on the combined statement of financial position. A summary of activity is as follows:

<u>FISCAL YEAR June 30, 2011</u>					
	<u>Beginning Balance</u>	<u>Payments Received</u>	<u>Write- Offs</u>	<u>Accrued Interest & New Loans</u>	<u>Ending Balance</u>
CDBG Loans	\$ 1,023,101	\$ 108,503	\$ 0	\$ 0	\$ 914,598
HPG Loans	539,955	119,695	0	133,560	553,820
LHAP Loans	34,449	7,988	0	0	26,461
HIRE Loans	302,850	68,000	0	94,365	329,215
HWWS Loans	<u>59,597</u>	<u>21,378</u>	<u>0</u>	<u>54,725</u>	<u>92,944</u>
	<u>1,959,952</u>	<u>325,564</u>	<u>0</u>	<u>282,650</u>	<u>1,917,038</u>

Note 12 Long Term Notes Payable

The long term notes payable and classification are as follows:

Region XII Council of Governments,
Inc., has entered into an Amoco Loan
Agreement with the Iowa Department
of Transportation.

	60,400
Current Portion of Long Term Debt	<u>15,100</u>
Long Term Portion	<u>\$ 45,300</u>

Maturities of notes payable over the next five years are as follows:

June 30, 2012	15,100
June 30, 2013	15,100
June 30, 2014	15,100
June 30, 2015	<u>15,100</u>
Total	<u>\$ 60,400</u>

SUPPLEMENTAL INFORMATION

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REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF FUNCTIONAL EXPENSES
 Year Ended June 30, 2011

Salaries & wages	\$ 1,049,466
Employee benefits	385,300
Advertising & marketing	5,244
Accounting & legal	21,600
Insurance	16,164
Contracted services	298,136
Fees, dues & subscriptions	10,139
Postage	10,528
Rent	90,446
Telephone	48,081
Travel	68,332
Office expense	46,816
Equipment expenses	57,208
Facility expenses	56,175
Board expense	6,609
Drivers' wages & benefits	974,697
Vehicle fuel & other costs	374,962
Vehicle insurance	67,445
Purchased services	126,617
Participant loans & grants	2,688,446
Participant support	693,172
Capital expenditures	41,885
Interest	33,814
Matching funds expended	162,193
In-kind Match expenditures	37,176
Depreciation	<u>416,046</u>
Total Expenses	\$ <u>7,786,697</u>

See accompanying Notes to Financial Statements.

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULES OF REVENUES AND EXPENSES
SCHEDULES OF STATE, GENERAL, AND LOCAL ADMINISTERED PROGRAMS ACTIVITY
Year Ended June 30, 2011

	<u>Local Funds</u>	<u>Revolving Loan Funds</u>	<u>Community Administered & Support Programs</u>
Revenues:			
Governmental Funding Source:			
State funds	\$ 0	\$ 0	\$ 0
Program funds	213,370	0	369,475
Loan repayments	0	376,970	0
Interest on loans	0	52,899	0
Interest on investments	22,581	55,942	0
Other revenue	60,337	5,492	0
Matching funds	<u>0</u>	<u>0</u>	<u>190</u>
Total revenues	<u>296,288</u>	<u>491,303</u>	<u>369,665</u>
Expenses:			
Salary & wages	135	28,042	36,285
Employee benefits	1,675	9,138	12,483
Advertising & marketing	0	48	79
Accounting & legal	516	4,563	773
Insurance	22	375	524
Contracted services	3,449	6,420	888
Fees, dues & subscriptions	39	137	312
Postage	363	492	429
Rent	0	2,080	2,568
Telephone	0	317	306
Travel	2,770	1,304	1,746
Office expense	1,405	777	654
Equipment expenses	0	4,065	1,684
Facility expenses	15	1,201	1,467
Board expense	44	110	146
Driver's wages & benefits	0	0	0
Vehicle expense	19,606	0	0
Participant loans & grants	0	111,586	192,756
Capital purchases	41,885	0	0
Matching funds & transfers	<u>46,414</u>	<u>51,273</u>	<u>35,078</u>
Total expenses	<u>118,338</u>	<u>221,928</u>	<u>288,178</u>
Revenue over (under) expenses	177,950	269,375	81,487
Beginning of year	<u>381,791</u>	<u>3,110,798</u>	<u>12,891</u>
End of Year-			
Net Assets	<u>559,741</u>	<u>3,380,173</u>	<u>0</u>
Receivable from future claims	<u>0</u>	<u>0</u>	<u>0</u>
Deferred revenue	\$ <u>0</u>	\$ <u>0</u>	\$ <u>94,378</u>

See accompanying Independent Auditor's Report.

Schedule 2

<u>Iowa Waste Exchange Programs</u>	<u>Iowa Workforce Development Programs</u>	<u>Low Income Housing Tax Credit</u>	<u>Disaster Relief Assistance Program Jumpstart</u>	<u>Western Iowa Advantage Partners</u>
\$ 370,071	\$ 14,779	\$ 2,800	\$ 0	\$ 27,550
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	2,762
0	0	0	0	0
401	680	0	7,878	71,418
<u>370,472</u>	<u>15,459</u>	<u>2,800</u>	<u>7,878</u>	<u>101,730</u>
85,547	3,559	3,373	636	3,005
35,217	980	1,754	222	776
169	27	4	9	5
924	109	34	0	271
1,298	49	36	17	39
225,718	331	8	4	42,454
659	202	4	60	2
420	42	44	39	11
5,333	211	224	78	244
532	2,018	33	6	51
7,092	137	164	73	858
1,554	4,145	89	9	48
3,063	77	207	111	123
2,585	3,345	197	3	149
361	227	10	8	218
0	0	0	0	0
0	0	0	0	0
0	0	0	4,806	0
0	0	0	0	0
0	0	0	0	23,418
<u>370,472</u>	<u>15,459</u>	<u>6,181</u>	<u>6,081</u>	<u>71,672</u>
0	0	(3,381)	1,797	30,058
<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,797)</u>	<u>106,291</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>(3,381)</u>	<u>0</u>	<u>0</u>
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>136,349</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULES OF REVENUES AND EXPENSES
SCHEDULES OF FEDERAL PROGRAMS ACTIVITY
Year Ended June 30, 2011

	Rural Housing Preservation <u>Grant</u>	Economic Development Planning <u>Grant</u>	Disaster Recovery <u>Coordinator</u>	Community Development Block <u>Grants</u>
Revenues:				
Governmental Funding Sources:				
Department of Agriculture	\$ 46,341	\$ 0	\$ 0	\$ 0
Department of Commerce	0	61,000	40,293	0
Department of Housing & Urban Development	0	0	0	2,751,437
Department of Labor	0	0	0	0
Department of Health & Human Services	0	0	0	0
Department of Homeland Security	0	0	0	0
State Funds	0	0	0	0
Matching Funds	4,118	23,824	533	2,053
In-Kind Match	0	37,176	0	0
Total Revenues	<u>50,459</u>	<u>122,000</u>	<u>40,826</u>	<u>2,753,490</u>
Expenses:				
Salaries & wages	7,632	50,516	25,048	148,840
Employee benefits	3,485	20,777	9,948	60,699
Advertising & marketing	16	85	59	258
Accounting & legal	149	561	41	3,848
Insurance	117	761	421	2,141
Contracted services	2,353	79	32	9,585
Fees, dues & subscriptions	89	205	262	881
Postage	151	230	153	2,276
Rent	585	3,994	1,865	11,287
Telephone	81	470	231	1,420
Travel	418	2,145	951	7,970
Office expense	146	1,204	441	2,840
Equipment expenses	438	1,432	555	6,601
Facility expenses	276	2,159	694	6,641
Board expense	37	206	125	603
Participant loans & grants	39,244	0	0	1,889,911
Participant support	0	0	0	0
Capital expenditures	0	0	0	0
Interest	0	0	0	27,722
In-Kind expenses	0	37,176	0	0
Total expenses	<u>55,217</u>	<u>122,000</u>	<u>40,826</u>	<u>2,183,523</u>
Program revenues over (under) expense	(4,758)	0	0	569,967
Beginning of Year	(<u>1,650</u>)	<u>0</u>	<u>0</u>	(<u>618,938</u>)
End of Year-				
Receivable from future claims	\$ (<u><u>6,408</u></u>)	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ (<u><u>48,971</u></u>)

See accompanying Independent Auditor's Report.

Schedule 3

HOME Investment Partnership Program	WIA Workforce Investment Act Title I & SWA	IWD Employment Service Re-employment New Iowan Ctr. Veterans DVOP	WIA Tornado/ Flood National Emergency Grant	WIA Electrolux National Emergency Grant	WIA Temporary Assistance for Needy Families Promise Jobs	CDBG Housing Disaster Recovery Jumpstart	Other Federal Programs
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0	0
407,131	0	0	0	0	0	246,723	3,600
0	152,596	34,133	(1,729)	565,180	0	0	0
0	0	0	0	0	130,182	0	43,518
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
6,431	8	0	3,035	0	226	381	0
0	0	0	0	0	0	0	0
<u>413,562</u>	<u>152,604</u>	<u>34,133</u>	<u>1,306</u>	<u>565,180</u>	<u>130,408</u>	<u>247,104</u>	<u>47,118</u>
22,370	63,883	0	311	144,510	68,224	19,568	5,783
8,665	27,355	0	174	56,199	25,093	8,114	749
37	84	0	0	557	155	46	30
643	1,637	48	0	350	331	1,388	22
304	1,300	0	8	3,519	1,081	303	110
3,477	92	938	0	269	416	951	14
149	394	0	0	115	1,053	209	186
399	660	0	5	1,142	1,149	432	37
1,675	5,783	0	36	5,932	6,890	1,540	521
234	957	6,558	6	2,119	3,126	204	52
1,230	2,873	0	4	6,127	1,964	1,157	953
513	913	15,413	4	4,338	5,940	1,732	77
1,290	2,380	0	6	21,321	1,365	1,579	213
1,037	2,530	11,176	12	3,007	6,123	881	196
84	629	0	0	1,230	539	85	40
267,873	0	0	0	0	0	130,348	51,922
0	41,134	0	740	314,445	6,959	0	0
0	0	0	0	0	0	0	0
3,601	0	0	0	0	0	2,491	0
0	0	0	0	0	0	0	0
<u>313,581</u>	<u>152,604</u>	<u>34,133</u>	<u>1,306</u>	<u>565,180</u>	<u>130,408</u>	<u>171,028</u>	<u>60,905</u>
99,981	0	0	0	0	0	76,076	(13,787)
(109,786)	0	0	0	0	0	(76,076)	(5,617)
\$ (<u>9,805</u>)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ (<u>19,404</u>)

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULES OF REVENUE AND EXPENSES
SCHEDULES OF WESTERN IOWA TRANSIT PROGRAMS ACTIVITY
Year Ended June 30, 2011

	<u>Rural Transit Operating</u>	<u>Rural Transit Capital</u>
Revenue:		
Governmental Funding Source:		
Federal-Dept. of Transportation	\$ 485,428	\$ 198,301
Iowa Dept. of Transportation	298,892	0
Elderbridge Agency	35,173	0
United way	2,250	0
Public support & contribution	931,347	0
Capital & other matching funds	0	42,665
Interest from investments	12,172	0
Fuel tax refund	796	0
Other local	29,976	0
Total Revenues	<u>1,796,034</u>	<u>240,966</u>
Expenses:		
Salaries & wages	181,009	0
Employee benefits	52,194	0
Advertising & marketing	3,232	0
Accounting & legal	4,678	0
Insurance	1,676	0
Contracted services	168	0
Fees, dues & subscriptions	4,452	0
Postage	1,477	0
Rent	28,720	0
Telephone	28,161	0
Travel	20,811	0
Office expense	1,985	0
Equipment expenses	3,408	0
Facility expenses	5,464	0
Board expense	895	0
Drivers' wages & benefits	974,697	0
Vehicle fuel & other costs	355,356	0
Vehicle insurance	67,445	0
Purchased services	126,617	0
Capital purchases	28,479	240,966
Matching funds	6,010	0
Total Expenses	<u>1,896,934</u>	<u>240,966</u>
Revenue over (under) expenses	(100,900)	0
Beginning of year-net assets	<u>540,099</u>	<u>0</u>
End of Year-Net assets	\$ <u><u>439,199</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

Schedule 4

<u>Regional Transportation Planning</u> <u>Agreement Number 11RPA-12</u>			<u>Safe</u>
<u>FHWA SPR</u>	<u>FTA</u>	<u>FHWA (STP)</u>	<u>Route to</u> <u>School</u>
\$ 20,981	\$ 24,039	\$ 137,299	\$75,781
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
5,246	6,010	34,375	0
0	0	0	0
0	0	0	0
0	0	0	0
<u>26,227</u>	<u>30,049</u>	<u>171,674</u>	<u>75,781</u>
16,460	19,037	69,590	46,103
5,356	6,129	20,088	18,030
30	29	198	87
95	108	352	159
220	256	923	664
24	36	345	85
78	64	315	272
65	72	240	200
1,149	1,414	4,842	3,475
120	154	593	332
749	759	4,498	1,579
263	303	1,197	826
643	651	4,395	1,601
912	955	2,972	2,178
63	82	677	190
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	60,449	0
0	0	0	0
<u>26,227</u>	<u>30,049</u>	<u>171,674</u>	<u>75,781</u>
0	0	0	0
0	0	0	0
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

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SCHEDULES OF REVENUE AND EXPENSES FOR COMPLETED CONTRACTS

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULES OF REVENUES AND EXPENSES
COMPLETED PROGRAMS
Year Ended June 30, 2011

	Rural Housing Preservation <u>Grant</u>	Disaster Recovery <u>Co-ordinator</u>	Workforce Investment Act <u>Title I</u>
Revenues:			
Governmental Funding Sources:			
Department of Agriculture	\$ 0	\$ 0	\$ 0
Department of Commerce	56,812	150,000	0
Department of Labor	0	0	0
Iowa Department of Homeland Security	0	0	0
Iowa Department of Economic Development	0	0	115,617
Iowa Finance Authority	0	0	0
Matching Funds	8,935	533	0
In-Kind Match	0	0	0
Total Revenues	<u>65,747</u>	<u>150,533</u>	<u>115,617</u>
Expenses:			
Salaries & wages	8,683	86,769	38,019
Employee benefits	3,584	36,035	15,079
Advertising & marketing	9	479	0
Accounting & legal	156	202	0
Insurance	130	1,366	736
Contracted services	1,897	229	6
Fees, dues & subscriptions	102	490	0
Postage	166	453	243
Rent	593	5,962	3,385
Telephone	90	706	555
Travel	532	3,208	1,024
Office expense	201	2,220	540
Equipment expenses	809	7,170	6,560
Facility expenses	400	4,739	1,760
Board expense	47	505	0
Participant loans & grants	0	0	0
Participant support	48,348	0	47,710
Interest	0	0	0
Matching funds	0	0	0
In-Kind expenses	0	0	0
Total expenses	<u>65,747</u>	<u>150,533</u>	<u>115,617</u>
Net	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

Schedule 5

Tornado/ Flood National Emergency Grant	<u>CDBG Housing Disaster Recovery</u>			Household Water Well System Grant	Urban Youth Corps
	<u>Jumpstart</u>	<u>Jumpstart Housing Assistance</u>	<u>Jumpstart #2 State</u>		
\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,145	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
913,571	0	0	0	0	0
0	725,574	270,543	183,376	0	9,252
0	0	0	0	0	0
3,035	381	54	377	43,591	4,955
0	0	0	0	0	0
<u>916,606</u>	<u>725,955</u>	<u>270,597</u>	<u>183,753</u>	<u>98,736</u>	<u>14,207</u>
171,823	53,811	7,345	5,210	3,708	9,121
45,516	19,578	2,663	1,715	1,334	1,003
941	108	23	16	269	0
1,448	1,699	421	58	228	292
3,038	840	131	76	73	145
276	1,050	15	8	8	41
1,000	505	19	82	44	183
601	1,406	300	131	181	44
11,972	3,779	440	367	248	682
2,783	573	80	57	41	69
32,407	3,849	578	392	181	1,461
39,040	12,895	283	160	85	133
63,470	6,047	808	498	251	376
9,946	3,027	411	312	186	607
2,761	309	64	27	17	50
0	0	0	0	0	0
529,584	609,989	257,016	174,644	91,882	0
0	6,490	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>916,606</u>	<u>725,955</u>	<u>270,597</u>	<u>183,753</u>	<u>98,736</u>	<u>14,207</u>
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2011

Agency and Office:

Recipient State Agency:

Subrecipient of State Funds:

Program Title:

	CFDA #	Program Or Grant Number	Total Expenditures
<u>Federal Direct:</u>			
<u>Department of Agriculture-Rural Development:</u>			
Rural Housing Preservation Grant	10.433	-	\$ 55,218
Household Water Well System Grant	10.862	16-914-421-404432	52,315
Total			\$ <u>107,533</u>
<u>Department of Commerce-Economic Development Administration:</u>			
Economic Development Support for			
Planning Organizations	11.302	05-83-04975	\$ 122,000
Economic Adjustment Disaster Recovery	11.307	05-69-04679	\$ 150,533
Total			\$ <u>272,533</u>

Federal Indirect:Department of Housing & Urban Development-Office of Community Planning & Development:Iowa Department of Economic Development:Subrecipient of Cities, Counties, and SWIPCO:

Community Development Block Grants

City of:

Odebolt	14.228	10-WS-053	\$ 7,606
Minburn	14.228	10-WS-046	9,090
Linden	14.228	08-WS-037	4,960
Stuart	14.228	08-WS-071	12,589
Grand Junction	14.228	09-WS-023	4,991
Sac City	14.228	08-WS-063	1,176
Sac City	14.228	09-WS-051	7,609
Glidden	14.228	08-DRI-268	2,779
Audubon-Neighborhood Stabilization	14.228	08-NSP-001	150,944
Boone-Neighborhood Stabilization	14.228	08-NSP-002	427,601
Charter Oak-Housing	14.228	09-HSG-019	123,343
Guthrie Center-Housing	14.228	09-HSG-041	147,298
Guthrie Center-Neighborhood Stab.	14.228	08-NSP-008	354,310
Jefferson-Housing	14.228	08-HSG-038	91,456
Jefferson-Neighborhood Stabilization	14.228	08-NSP-010	321,085
Manning-Housing	14.228	08-HSG-043	89,031
Perry-Neighborhood Stabilization	14.228	08-NSP-014	256,533
Sac City-Housing	14.228	08-HSG-041	129,720
Redfield-Housing	14.228	10-HSG-025	7,077
Carroll County	14.228	08-CF-002	12,111
Carroll County-Maple River Junction	14.228	05-WS-016	97
Carroll County-New Hope	14.228	10-CF-001	21,515
Jumpstart Small Business Assistance Program			
Cass County	14.228	08-DRH-003	163,528
			\$ <u>2,346,449</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
 Year Ended June 30, 2011

Agency and Office:

Recipient State Agency:

Subrecipient of State Funds:

Program Title:

Program
Or Grant

Total

<u>Federal Indirect:</u>	<u>CFDA #</u>	<u>Number</u>	<u>Expenditures</u>
<u>Department of Housing & Urban Development-Office of Community Planning & Development:</u>			
<u>Iowa Department of Economic Development:</u>			
<u>Subrecipient of Cities, Counties, and SWIPCO:</u>			
Home Investment Partnership Program			
City of:			
Carroll	14.239	10-HM-115-65	\$ 93,897
Denison	14.239	06-HM-115-64	21,192
Manilla	14.239	06-HM-113-64	60,076
Wall Lake	14.239	07-HM-118-65	35,607
Greene County	14.239	08-HM-109-65	104,026
			<u>314,798</u>

Total

\$ 2,661,247

Department of Labor-Employment Training Administration:

Iowa Workforce Development

Employment Service/Wagner Peyser	17.207	7-W-08-FR-0	\$ 6,217
Re-employment	17.207	7-W-08-FR-0	1,448
New Iowan Center	17.207	7-W-08-FR-0	4,486
			<u>12,151</u>
Unemployment Insurance	17.225	7-W-08-FR-0	18,780
Trade Act Assistance	17.245	7-W-08-FR-0	112
WIA Adult Program	17.258	7-W-08-FR-0	27,219
WIA Youth Program	17.259	7-W-08-FR-0	49,500
Computer Literacy (SWA)	17.259	7-W-08-FR-0	825
Training (SWA)	17.259	7-W-08-FR-0	1,007
Recapture of Unexpended ARRA RFP Award	17.259	7-W-08-FR-0	6,599
Summer Youth	17.259	TANF-R8	28,046
			<u>85,977</u>
WIA Dislocated Worker	17.260	7-W-08-FR-0	67,325
Electrolux-National Emergence Grant	17.277	11-W-FR-P1-0-01	565,180
Tornado/Flood-National Emergency Grant	17.277	7-W-08-FR-0	1,306
			<u>566,486</u>
Veterans - DVOP	17.801	7-W-08-FR-0	3,089
			<u>3,089</u>
Total			\$ <u>781,139</u>

Department of Transportation-Federal Highway Administration:

Iowa Department of Transportation:

Urban Youth Corp	20.205	UYC-10-007	\$ 14,207
Planning Joint Participation Agreement To			
Implement Regional Intermogal Planning	20.205	10RPA-12 FHWA STP	171,674
Planning Joint Participation Agreement To			
Implement Regional Intermogal Planning	20.205	10RPA-12 FHWA SPR	26,227
Highway Planning and Construction			
Safe Routes to School Program Project	20.205	08-SRTS-006	75,781
			<u>75,781</u>
			\$ <u>287,889</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
 Year Ended June 30, 2011

Agency and Office:

Recipient State Agency:

Subrecipient of State Funds:

Program Title:

<u>Federal Indirect:</u>	<u>CFDA #</u>	<u>Program Or Grant Number</u>	<u>Total Expenditures</u>
<u>Department of Transportation-Federal Transit Administration:</u>			
<u>Iowa Department of Transportation:</u>			
Capital Investment Assistance	20.500	04-0113-120-11	<u>119,068</u>
Planning Joint Participation Agreement To			
Implement Regional Intermogal Planning	20.509	10RPA-12 FTA5311	30,049
Rural Training Assistance Program	20.509	TF-11	6,421
Operating Assistance	20.509	18-0029-120-11	453,715
Non-Urban Operating Assistance Project	20.509	85-0032-120-10	121,898
Non-Urban Capital & Operating Assistance	20.509	85-X030-120-09	<u>8,970</u>
			<u>621,053</u>
 New Freedom Operating Assistance	 20.521	 57-X008-120-11	 <u>16,322</u>
 Total			 \$ <u>1,044,332</u>
 <u>Department of Health & Human Services-Administration for Children and Families:</u>			
<u>Iowa Workforce Development</u>			
Promise Jobs - Basic	93.558	9-W-08-FN-0	\$ 85,682
Promise Jobs-Life Skills-Workforce Essentials	93.558	9-W-08-FN-0	5,916
Promise Jobs - Basic	93.558	7-W-08-FR-0	10,278
Promise Jobs - Essentials	93.558	7-W-08-FR-0	<u>437</u>
 Total			 \$ <u>102,313</u>
 <u>Department of Homeland Security:</u>			
<u>Iowa Homeland Security & Emergency Management Division:</u>			
<u>Hazard Mitigation Grant</u>			
Denison Municipal Utilities	97.039	DR-1705-0036-01	\$ 2,533
Audubon County	97.039	DR-1763-0179-01	1,398
Carroll County	97.039	DR-1763-0180-01	2,711
Crawford County	97.039	DR-1763-0181-01	1,425
Greene County	97.039	DR-1763-0182-01	1,681
Guthrie County	97.039	DR-1763-0183-01	<u>2,889</u>
 Total			 <u>12,637</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 \$ <u>4,981,734</u>

Basis of Presentation: The Schedule of Expenditures of Federal Awards includes the federal grant activity of Region XII Council of Governments, Inc., and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

John D. Morrow

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Certified Public Accountants

November 30, 2011

RTS CERTIFICATION BY INDEPENDENT AUDITOR

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

I have audited the contracting opportunities and Disadvantaged Business Enterprise and Women Business Enterprise participation summary of Region XII Council of Governments, Inc. (Transit System). My audit of the report details included tests of accounting records, purchase orders, and contracts issued to Disadvantaged Business Enterprise and Women Business Enterprise firms as we considered necessary to verify that the information reported corresponds with the transit system's financial statements and other official documentation. It was not within the scope of my audit to make any assurances about the eligibility of any firm to be certified as a Disadvantage Business Enterprise or Women Business Enterprise, since the Iowa Department of Transportation assumes this responsibility. Tests were conducted to assure that this information fairly reflects the transit system's efforts to comply with Section 105(f) and Subpart D of the Surface Transportation Assistance Act of 1982.

The tests of accounting records and inquiries with management indicated that effort is made to identify Disadvantaged Business Enterprises and Women Business Enterprise. Management has procedures which identify current vendors as eligible to be certified as a Disadvantaged Business Enterprise and Women Business Enterprise.

John D. Morrow

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November 30, 2011

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

I have audited the financial statements of Region XII Council of Governments, Inc., Carroll, Ia, as of and for the year ended June 30, 2011, and have issued my report thereon dated November 30, 2011. I conducted the audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Region XII Council of Governments Inc.'s, internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected or corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the organization's financial statements are free of material misstatement, I performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the organization's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of Region XII Council of Governments, Inc., and other parties to whom the organizations may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by the personnel of Region XII Council of Governments, Inc. during the course of the audit. Should you have any question concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

John D. Morrow

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Certified Public Accountants

November 30, 2011

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

I have audited the compliance of Region XII Council of Governments, Inc., Carroll, Ia, with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2011. The major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of the organization's management. My responsibility is to express an opinion on compliance based on my audit.

I conducted my audit of compliance in accordance with U. S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the organization's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion.

My audit does not provide a legal determination on compliance with those requirements.

In my opinion, Region XII Council of Governments, Inc., complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011. Instances of non-compliance with those requirements, if any, are described in Part III of the accompanying Schedule of Findings and Questioned Costs

Internal Control Over Compliance

The organization's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing my audit, I considered the organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the organization's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect management's ability to administer a federal program such that there is more than a remote likelihood non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the internal control.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of Region XII Council of Governments, Inc., and other parties to whom the organizations may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Part I: Summary of the Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No matters were reported
Reportable condition(s) identified not considered to be material weaknesses?	No matters were reported
Non-compliance material to financial statements noted?	No matters were reported

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No matters were reported
Reportable condition(s) identified not considered to be material weaknesses?	No matters were reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133. Section .510(a)?	No matters were reported
Identification of major programs:	
Department of Housing and Urban Development	14.228
Department of Housing and Urban Development	14.239
Department of Labor	17.277
Department of Transportation	20.509
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low risk.	

Part II: Findings relating to the financial statements which are required to be reported in accordance with Governmental Auditing Standards.

No matters were reported

Part III: Findings and questioned costs for Federal Awards which shall include audit findings as defined in OMB Circular A-133.

No matters were reported

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